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Task ID# 5782
cc: Wayne

RECEIVED

Dec 28, 2013

Paul Baker, Division of Oil,
Mining & Gas (DOGM), SLC

DEC 30 2013

DIV. OF OIL, GAS & MINING

Dear Mr. Baker:

Regarding your letter of Dec 5, you asked for a \$4,000 increase in our reclamation surety from \$5,400 to \$9,400. There is no alternative except to shut down the mine and reclaim by Feb 14, 2014.

The initial \$5,400 surety was accepted as adequate in May, 2007, 6½ yrs ago, and in that time the size of our disturbance has not changed. A \$4,000 increase from \$5,400 to \$9,400 in 6½ yrs is an inflation of 8.53%. My social security inflation for that same period is 2.52%. Why is your increase almost 3½ times what the federal government considers a realistic cost of living increase? If the 2.52% inflation is applied to \$5,400 over 6.5 yrs, the amount that I get is \$6,361 which is over \$3,000 less than your \$9,400. The \$4,000 increase that you want may not be much to you, but it's still a lot to us.

You offer no alternative to paying the increase except to shut down and reclaim. The \$9,400 minimum surety for 1 or fewer acres seems to be written in stone. \$9,400 is a lot of additional start-up money for beginning small miners who already face discouraging initial costs. It is prohibitive for most individuals and unrealistic for small disturbances, mostly because it includes your mobilization charge from a distant source unrelated to the location of the mine. (This mobilization charge was not itemized in your letter.) We, small miners, should be offered the alternative of getting a written estimate from local operators qualified to do reclamation work. That is fair and proper. No alternative is like a no-bid contract.

In fact, in 2006 we did get such an estimate from Mark Johnson (copy enclosed) who had worked at our sites and was familiar with them, including transport. (Mark has passed; his son Scott has the business, still in Delta.) Mark's estimate of \$3,840 was considerably lower than DOGM's request at that time which included a high, set mobilization charge. DOGM would not accept Mark Johnson's estimate, so it was either pay up or shut down. That is where our \$5,400 surety began in 2007.

We request either an escalation to \$6,361 to be consistent with inflation or the alternative of a written estimate from a local operator. Because of snowy roads, we would also like an extension of the Feb 14 deadline to mid-April when the roads are usually clear. Reclamation (or estimates) would be difficult now.

We do not have a computer, so we need your updated NOI, bonding or other forms required. We would also like guidelines for written estimates so that they are acceptable to DOGM.

Our current address is Oak City, not Leamington.

Sincerely,

Mike Sprunger
Mike Sprunger

Dec 04 06 10:18a

Marks Backhoe

4358644947

P-2

Mark's Backhoe Service

P.O. Box 565

Delta, UT 84624

Estimate

DATE	ESTIMATE NO.
12/2/2006	20060011

NAME / ADDRESS
Mike Sprunger P. O. Box 38054 Leamington, Utah 84638

			PROJECT
DESCRIPTION	QTY	COST	TOTAL
Reclamation Work on 3 properties. CUBICAL #2, ML. 47821, & ML. 46956 32 hrs includes travel time to each site	32	120.00	3,840.00
Permit No. 3/023/057 Sales Tax		5.75%	0.00
TOTAL			\$3,840.00